GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2685
ANSWERED ON:16.03.2007
PAN- CARD FOR TRADING IN SHARES
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Will the Minister of FINANCE be pleased to state:

(a) whether PAN-Card is now mandatory for Demat Account and Trading in shares and securities; and

(b) if so, the procedure for disposal of the shares and securities held by individuals who have no PAN-Card?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) In order to enhance "Know Your Client" norms, the Securities and Exchange Board of India (SEBI) has made Permanent Account Number (PAN) mandatory for opening demats accounts on or after April 1, 2006. In respect of demat accounts opened before April 1, 2006, it is mandatory for the account holders to provide PAN to Depositories by December 31, 2006. Similarly, SEBI has made furnishing details of PAN mandatory for trading in cash segments of exchanges with effect from January 1, 2007. It was already mandatory for trades in the futures and options segment of exchanges.

(b) Where a person does not have a PAN, the demat account has been "suspended for debit" after December 31, 2006 till it is provided. Once the Beneficial Owner (BO) complies with the PAN requirement, the demat account will be defrozen by the Depository Participant (DP) and thereafter, the BO can sell the securities lying in his/her account.